

Streamline the financing process with easy loan applications and quick approvals

Complicated loan and program application processes have deterred many potential customers from following through with an upgrade. Delays and overly burdensome requirements raise barriers to participation. Many programs have successfully employed strategies to reduce the number of requirements that homeowners must meet in order to receive a loan, and to speed the processing of loan applications so projects can proceed quickly once a homeowner decides to move forward.

In Their Own Words: Make the Loan Application Process as Simple as Possible [1]



Source: U.S. Department of Energy, 2012.

- **Enhabit** [2], formerly Clean Energy Works Oregon, worked with Craft3, a non-profit community development financing institution (CDFI), to help more homeowners qualify for loans and streamline the loan application process. Their approach was to use [utility repayment history as a proxy for credit](#) [3]. Craft3's underwriting process includes a credit score check and review of other debt obligations (e.g., bankruptcies, liens, judgments); however, Craft3 examines utility bill repayment history in lieu of analyzing an applicant's debt to income ratio (DTI). This approach significantly reduces loan underwriting expenses for Craft3, helps to simplify the loan application process for homeowners, and allows for quicker approvals. Between March 2011 and December 2013, Craft3 completed more than 2,600 loans valued at \$33.4 million, with an average loan amount of \$12,500. While the loans have been made for only a few years, loan default rates have been below industry averages.
- Pennsylvania's [Keystone Home Energy Loan Program](#) [4], administered by AFC First Financial Corporation in partnership with [EnergyWorks Philadelphia](#) [5] and the Pennsylvania Treasury Department, worked with multiple lenders to provide quick-approval unsecured energy efficiency loans up to \$15,000, often within two hours of receiving the application. This was accomplished by underwriting based on a minimum credit score (640 or higher), 50% debt ratio requirement, and income and employment information (as stated by the borrower, rather than verified via the employer). Approximately 70% of applicants are approved for loans. The combination of minimum credit score, debt ratio and other factors used in underwriting allows AFC First to streamline the application process while minimizing risk of borrowers defaulting on their loans. Between 2010 and 2013, EnergyWorks was able to help finance over 1,900 upgrades, totaling more than \$17 million.

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Source URL: <https://rpsec.energy.gov/tips-for-success/streamline-financing-process-easy-loan-applications-and-quick-approvals>

Links

[1] <https://www.youtube.com/watch?v=OluG1sd5LLs&feature=youtu.be>

[2] <https://enhabit.org/>

[3] <http://eetd.lbl.gov/sites/all/files/publications/mi-policybrief-4-4-2012c.pdf>

[4] <http://www.keystonehelp.com/index.php>

[5] <http://energy.gov/eere/better-buildings-neighborhood-program/philadelphia-pennsylvania>